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June 5, 2006

**VIA HAND DELIVERY**

The Honorable Charles L.A. Terreni  
Chief Clerk and Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

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SC PUBLIC SERVICE COMMISSION  
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RE: Docket No. 2002-153-E  
Levelized Billing Program  
Request for Approval of Proposed Change to Risk Fee and Program Name

Dear Mr. Terreni:

Duke Power Company LLC, d/b/a Duke Energy Carolinas, LLC ("Duke Energy Carolinas") through counsel, hereby submits the original and one copy of the following Request for approval by the Public Service Commission of South Carolina, ("Commission") to change the risk fee stated in its Levelized Billing Program ("Program"), Leaf No. 322 to 4.1%. In addition, Duke Energy Carolinas proposes to change the name of the Program to Fixed Payment Program to align with the marketing materials used in connection with the Program.

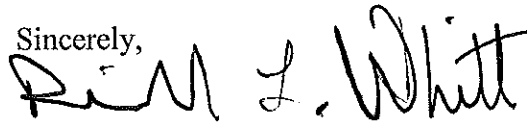
Initially Duke Energy Carolinas requested and received Commission approval to include a risk fee of 4.4% in calculation of fixed payment amounts changed under the Program. The risk fee includes a component related to expected normal growth in customer's electric consumption. This percentage was previously established at 0.6% per year, based on historical data. Duke Energy Carolinas proposes reduce this percentage to 0.3%, based on projected normal customer growth as derived from Duke Energy Carolinas' Fall 2005 Forecast. As a result of this change, the risk fee will be revised from 4.4% to 4.1%. This reduction will result in lower fixed payment amounts offered to customers either currently enrolled in the Program or considering enrollment to the Program.

Charles L.A. Terreni  
June 5, 2006  
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The proposed new Leaf No. 322 is attached for Commission approval. Duke Energy Carolinas respectfully requests approval of this request by June 13, 2006, in order to include the revised factor in preparation of fixed payment amounts being developed for its upcoming Program enrollment period.

With kind regards, we are

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Whitt". The signature is fluid and cursive, with the first name "Richard" and last name "Whitt" clearly distinguishable.

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Richard L. Whitt  
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d/b/a Duke Energy Carolinas, LLC  
(704) 382-9960  
Attorneys for Applicant

CC: A.R. Watts  
Florence Belser, Esquire  
(Both of the Office of Regulatory Staff)

Enclosure

## FIXED PAYMENT PROGRAM (SC)

### AVAILABILITY (South Carolina only)

Available on a voluntary basis, at the option of the Company, to residential customers in residences, served on Rate Schedule RS or RE, who have resided at the residence and have kilowatt-hour (kWh) usage history for twenty-four (24) consecutive months and who have a satisfactory payment record. The Company reserves the right to offer this program to customers with a minimum of twelve (12) months' usage history. This program is not available for customers receiving concurrent service on Schedule WC, or to customers who have been served on Schedule WC during the most recent 24 months.

### PROGRAM PROVISIONS

Under this program, the Company will estimate the monthly kWh usage for the ensuing 12 month period based on the Customer's previous historical metered usage, adjusted to reflect normal weather and for expected changes in usage. The Customer's expected usage for each month will be calculated on the Customer's applicable rate schedule. The resulting sum of the expected monthly bills, plus a 4.1% risk fee, will be divided by 12, and a \$1.00 per month administrative fee will be added to determine the Fixed Payment to be paid by the Customer each month in lieu of charges for the actual kilowatt-hours used calculated on the Customer's applicable rate schedule.

If the Customer is not currently a Customer on the Fixed Payment Program, the Company shall provide to the Customer the calculation of the Fixed Payment Billing amount for the Program Year and the minimum, maximum and average monthly charges the Customer has paid in the previous 24 months. If the Customer currently is a Customer on the Fixed Payment Program, the Company shall provide to the Customer the current and new Fixed Payment amounts and the minimum, maximum and average monthly charges the Customer would have paid in the previous 24 months in the absence of the Customer's participation on the Fixed Payment Program. The Fixed Payment amount will not include usage or charges for additional services including but not limited to load control, outdoor lighting, or other separately metered services. Service under this program requires that the Customer enroll prior to the beginning of a specified "Program Year" as determined by the Company.

### PAYMENT

The monthly bill rendered under this program is due and payable in accordance with the applicable Residential Rate Schedules and Service Regulations of the Company. The charges associated with additional services (such as load control and outdoor lighting) will be determined in accordance with the applicable rate schedules for such service.

### CONTRACT PERIOD

Service under this program shall commence with the first billing period of a designated "Program Year," each year for a minimum one-year term, renewable annually, at the option of both parties. Each year prior to the anniversary of the original contract, the Company shall review the Customer's account, and prepare a new Fixed Payment amount for the following contract year. The new Fixed Payment amount for the next year and the information described above shall be provided to the customer at least 30 days prior to the end of the then current Program Year. A new Fixed Payment contract and amount will commence each successive Program Year unless terminated by the Customer or the Company.

The Customer may terminate the contract at the end of any Program Year at no charge. The Customer may terminate at any time during a Program Year with written notice to the Company to be effective the next billing cycle. In addition, the Company reserves the right to terminate the Customer's service under this program if the Customer's actual kWh usage in each of three consecutive months exceeds the estimated usage by 30% or more, or for any other violation of this program.

If a Customer requests to be removed from the program during the Program Year and continue service on a standard tariff at the same location, or if the Company removes a customer for excessive usage or other violation of the program, the Customer will be charged a \$30.00 termination fee. If a customer ceases to receive service at the same location, no termination fee will be charged.